



General Assembly

January Session, 2005

Committee Bill No. 21

LCO No. 3525

03525SB00021HS_

Referred to Committee on Human Services

Introduced by:
(HS)

**AN ACT CONCERNING AUDITS CONDUCTED BY THE DEPARTMENT
OF SOCIAL SERVICES.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 17b-99 of the general statutes is amended by
2 adding subsection (d) as follows (*Effective July 1, 2005*):

3 (NEW) (d) The Commissioner of Social Services, or any entity with
4 whom the commissioner contracts, for the purpose of conducting an
5 audit of a service provider that participates as provider of services in a
6 program operated or administered by the department pursuant to
7 chapter 319s, 319t, 319v, 319y or 319ff, shall conduct any such audit in
8 accordance with the provisions of this subsection. For purposes of this
9 subsection "provider" means a person, public agency, private agency
10 or proprietary agency that is licensed, certified or otherwise approved
11 by the commissioner to supply services authorized by the programs set
12 forth in said chapters.

13 (1) Not less than thirty days prior to the commencement of any such
14 audit, the commissioner, or any entity with whom the commissioner
15 contracts to conduct an audit of a participating provider, shall provide

16 written notification of the audit to such provider.

17 (2) Any such audit shall be limited in scope to claims during the
18 period commencing one calendar year prior to the date of the written
19 notice provided pursuant to subdivision (1) of this subsection and
20 ending on the date of such notice and shall not exceed more than one
21 hundred claims for such period of time.

22 (3) Any clerical error, including, but not limited to, recordkeeping,
23 typographical, scrivener's or computer error, discovered in a record or
24 document produced for any such audit, shall not of itself constitute a
25 wilful violation of program rules unless proof of intent to commit
26 fraud or otherwise violate program rules is established.

27 (4) A finding of overpayment or underpayment to a provider in
28 program operated or administered by the department pursuant to
29 chapter 319s, 319t, 319v, 319y or 319ff, shall not be based on
30 extrapolated projections unless the commissioner makes a written
31 determination that (A) there is a sustained or high level of payment
32 error involving the provider, or (B) documented educational
33 intervention by the department has failed to correct the level of
34 payment error.

35 (5) A provider, in complying with the requirements of any such
36 audit, shall be allowed not less than thirty days to provide
37 documentation in connection with any discrepancy discovered and
38 brought to the attention of such provider in the course of any such
39 audit.

40 (6) The commissioner, or any entity with whom the commissioner
41 contracts, for the purpose of conducting an audit of a provider of any
42 of the programs operated or administered by the department pursuant
43 to chapter 319s, 319t, 319v, 319y or 319ff, shall produce a preliminary
44 written report concerning any audit conducted pursuant to this
45 subsection, and such preliminary report shall be provided to the
46 provider that was the subject of the audit, not more than thirty days

47 after the conclusion of such audit.

48 (7) The Department of Social Services shall establish an
49 administrative process that allows a provider to obtain a review and
50 appeal of any preliminary written report issued pursuant to
51 subdivision (6) of this subsection. Such review and appeal shall be
52 conducted by an ad hoc peer review panel, appointed by the
53 Commissioner of Social Services, that consists of not less than three
54 other service providers. If the ad hoc peer review panel concludes that
55 all findings contained in the preliminary written report are
56 unsubstantiated, then the department shall dismiss the preliminary
57 written report and there shall be no further proceedings in connection
58 with any such audit.

59 (8) Except in cases where a preliminary report is dismissed, in
60 accordance with the provisions of subdivision (7) of this subsection,
61 the commissioner, or any entity with whom the commissioner
62 contracts, for the purpose of conducting an audit of a service provider,
63 shall produce a final written report concerning any audit conducted
64 pursuant to this subsection. Such final written report shall be provided
65 to the provider that was the subject of the audit, not more than ninety
66 days after the date of issuance of the preliminary written report
67 provided for in subdivision (6) of this subsection, or in cases where
68 review and appeal is sought pursuant to subdivision (7) of this
69 subsection, not more than ninety days after the date a final written
70 decision is issued by the ad hoc peer review panel.

71 (9) The provisions of this subsection shall not apply to any audit
72 conducted by the Medicaid Fraud Control Unit established within the
73 Office of the Chief State's Attorney.

74 Sec. 2. Section 17b-245b of the general statutes is repealed and the
75 following is substituted in lieu thereof (*Effective July 1, 2005*):

76 (a) The Commissioner of Social Services shall, consistent with
77 federal law, make changes to the cost-based reimbursement

78 methodology in the Medicaid program for federally qualified health
 79 centers. On or before March 1, 2004, the commissioner shall report to
 80 the joint standing committees of the General Assembly having
 81 cognizance of matters relating to appropriations and the budgets of
 82 state agencies and human services on the status of the changes to the
 83 cost-based reimbursement methodology.

84 (b) The Commissioner of Social Services shall permit a federally
 85 qualified health center to submit a cost report for the Medicaid
 86 program to the department on an annual basis. Upon approval of the
 87 cost report by the department, the commissioner shall adjust the rate of
 88 the federally qualified health center on a percentage basis in an
 89 amount equal to the percentage change in the approved cost report. In
 90 the event that a federally qualified health center does not submit an
 91 annual cost report for the Medicaid program to the department, the
 92 commissioner shall adjust the rate of such federally qualified health
 93 center in accordance with federal law and regulation.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2005</i>	17b-99
Sec. 2	<i>July 1, 2005</i>	17b-245b

Statement of Purpose:

To improve the Department of Social Services' auditing practices as relates to providers who contract with the department and to revise rate-setting practices as relates to federally-qualified health centers participating in the Medicaid program.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: SEN. HANDLEY, 4th Dist.; REP. VILLANO, 91st Dist.
 SEN. HARP, 10th Dist.

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